



Timika Shafeek-Horton
Deputy General Counsel

550 South Tryon Street
Charlotte, NC 28202

Mailing Address:
DEC45A / P.O. Box 1321
Charlotte, NC 28201

o: 704-382-6373

f: 980.373.8534

Timika.Shafeek-Horton@duke-energy.com

March 7, 2014

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29211

**Re: Recovery of Costs and Incentives for Demand-Side Management and
Energy Efficiency Programs
Docket No. 2014 -89-E**

Dear Mrs. Boyd:

On March 3, 2014, Duke Energy Progress, Inc. ("DEP") submitted its application for Recovery of Costs and Incentives for Demand-Side Management and Energy Efficiency Programs, Rider DSM/EE-6, including the testimony and exhibits of Robert P. Evans. DEP told the Commission it would submit the remaining filing requirements by March 7, 2014. Those requirements, DEP Exhibit 1 and the work papers for the application, are attached hereto.

DEP continues to seek Commission approval of its Demand-Side Management and Energy Efficiency Programs, Rider DSM/EE-6 for bills rendered on or after July 1, 2014.

Please feel free to contact me should there be any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Timika Shafeek-Horton'.

Timika Shafeek-Horton
Deputy General Counsel

TSH/bml

cc: John Flitter, ORS
Jeffrey M. Nelson, ORS
Nanette Edwards, ORS

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2014-89-E

In re:

Application of Duke Energy Progress, Inc.
For Approval of Rider DSM/EE-6

)
)
)
)
)
)

DUKE ENERGY PROGRESS, INC'S
APPLICATION FOR APPROVAL OF
RIDER DSM/EE-6

Pursuant to S.C. Code Ann. § 58-37-20 (Supp. 2013) and 10 S.C. Code Ann. Regs. 103-819 and 103-823 (Supp. 2013), the Rules of Practice and Procedure of the Public Service Commission of South Carolina ("Commission"), Duke Energy Progress, Inc. ("the Company or Duke Energy Progress") respectfully requests that the Commission approve its application for Rider DSM/EE-6 ("Rider") to recover certain costs and revenue associated with its demand side management ("DSM") and energy efficiency ("EE") programs. The Rider provides for the recovery of DSM/EE costs allocated jurisdictionally to South Carolina for the test period, April 1, 2013 through March 31, 2014, and for the forecast period, July 1, 2014 through June 20, 2015; net lost revenues for DSM and EE programs as applicable; and program performance incentives ("PPI") as applicable, all in accordance with the Stipulation approved by the Commission in Order No. 2009-373, Docket No. 2008-251-E.

BACKGROUND

1. A cost recovery mechanism and compensation model for DSM and EE was established in a Stipulation submitted to the Commission on January 23, 2009, and approved by the Commission in Order No. 2009-373, Docket No. 2008-251-E. In pertinent part, the

Stipulation provides that the revenue requirements for Duke Energy Progress' EE and DSM programs recover a reasonable and appropriate estimate of the expenses and net lost revenues expected to be incurred during the rate period and the PPI. Costs are deferred and amortized over a period of time not to exceed ten years, and Duke Energy Progress can earn a rate of return at the overall weighted average net-of-tax rate of return approved in the most recent general rate case on the unamortized balance of such costs. Duke Energy Progress can also defer and recover through its Rider the difference between the reasonable and prudent DSM/EE costs incurred during the test period and the revenues actually realized during such test period under the Rider then in effect. The Rider is to be trued up each year to reflect the difference between the reasonable expenses prudently incurred, net lost revenues incurred, and PPI based on realized results during the test period and the revenues that were actually realized during the test period under the DSM/EE Rider then in effect. Over or under-collection of costs shall include interest.¹ Net lost revenues can be recovered for the first 36 months after the installation of the measurement and shall be trued up in the first DSM/EE cost recovery proceeding following the completion and review of a program's or measure's impact evaluation.² The PPI shall be based on the net savings of each program or measure as calculated using the Utility Cost Test.³ All of which is more fully described in the testimony and exhibits of Company Witness Robert P. Evans.

RIDER DSM/EE-6 REQUEST

2. The revenue Duke Energy Progress proposes to recover under the proposed Rider 6 follow:

¹ In RE: Application of Carolina Power and Light Company d/b/a Progress Energy Carolinas, Incorporated for the Establishment of Procedures for DSM/EE Programs, Stipulation, Exhibit 1, paragraph (c).

² Id. at paragraph (d).

³ Id. at paragraph (e)(4).

- \$11,580,913 for Residential Customers and
- \$9,478,965 for General Service Customers.

For Rider 6, the billing factors were separated to reflect participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 6 billing factors include prospective and true-up components. Based on the total costs to be recovered under the proposed Rider 6, the billing factors applicable to South Carolina customers for the billing period July 1, 2014 through June 30, 2015, exclusive of gross receipts taxes, ("GRT") and South Carolina Regulatory Fees, would be as follows (shown in cents per kWh):

Rate Class	DSM Rate	EE Rate	Adjustment*	DSM/EE Annual Rider**
Residential	0.2514	0.2905	0.0079	0.550
General Service	0.1592	0.3888	0.0002	0.548
Lighting	0.0000	0.0000	0.0000	0.000

** Adjustment for uncollectible billings and Residential RECD discount*

***Billing Rates are rounded to the nearest thousandth of a cent*

The proposed tariff sheet for Rider 6, which includes GRT, is attached as Exhibit A. A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 6 can be found in Evans Exhibit Nos. 1 through 9. The supporting calculations are attached.

CONCLUSION

Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of Rider 6 as described in its Application and the testimony and exhibits of Robert P. Evans. Additionally, the Company would ask the Commission to allow the proposed rate to be put into effect without notice and hearing pursuant to S.C. Code Ann. Section § 58-27-870(F). The proposed rates do not require a determination of the entire rate structure and overall rate of return and will facilitate an orderly rate administration.

Dated this 7th day of March, 2014.



Timika Shafeek-Horton
Deputy General Counsel
Duke Energy Corporation
550 South Tryon Street -
DEC45A Charlotte, NC 28201
Telephone: (704) 382-6373
Timika.Shafeek-Horton@duke-energy.com